



**NORTH SIDE COMMUNITY  
FEDERAL CREDIT UNION**



**2012 Annual Report**



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FEDERAL CREDIT UNION**



*“If patience is worth anything, it must endure to the end of time. And a living faith will last in the midst of the blackest storm.” -Mahatma Gandhi*

**I FEEL LIKE A BROKEN RECORD. WHILE I DON'T THINK THAT I'M ASKING YOU TO BE PATIENT WITH US FOREVER, WE ARE REPORTING 2012 AS OUR 4TH YEAR OF NEGATIVE EARNINGS. OBVIOUSLY, THE ECONOMY IS KILLING US AS MUCH AS IT IS EVERY SMALL BUSINESS AND ORGANIZATION; IT IS TRULY THE “BLACKEST STORM” THAT ANY OF US HAS SEEN IN OUR LIFETIMES. IN THIS ENVIRONMENT, THERE IS ABSOLUTELY NO ROOM FOR ERROR. AND WE ARE ALWAYS OPERATING ON THE KNIFE'S EDGE IN ORDER TO PURSUE OUR MISSION OF ECONOMIC EMPOWERMENT FOR OUR MEMBERS.**

Well, that's enough of the sob story. Many of you undoubtedly have personal stories that would make ours look tame. We had two large events that sunk our best efforts this year: 1) a real-estate loan write-off to a member who lost his job (sound familiar?) and 2) another required contribution to rebuild the National Credit Union Administration's insurance fund. Both of these charges reflected activities that happened years ago, but had to be declared in 2012. It hurts, but we must move on – with both patience and faith. The economy is a reality and we must find a way to turn the numbers around. The good news is that we're still here, we're pursuing new exciting opportunities in 2013, and our members and partners are counting on us as much as ever.

Despite the red ink of 2012, there were some positive moments for us. Here are the important highlights of our success last year:

- We received financial support from The Private Bank, The National Federation of Community Development Credit Unions, The Illinois Credit Union Foundation, The Illinois Housing Development Authority, and the Office of the City Treasurer. Thanks to all of them for their ongoing belief in our work.
- We hosted nearly 190 people for our Financial Education Workshops throughout the year.
- Our Manager, Jennifer Weitzel, spoke at the convening held by the Ford Foundation and at the Illinois Asset Building Group Annual Conference.
- Our HUD-certified Housing Counseling

Program, led by Jennifer Pallas, continued with a strong team and worked with 231 members and non-members, and ran eight 1st-Time Homebuyer's Workshops for the community. We funded 35 applications for our “Hardest Hit Funds” program. We are one of only 15 credit union HUD affiliates in the country.

- Thanks to the strong efforts spearheaded by Sarah Marshall, our Marketing & Partnerships Manager, and our Marketing Committee, we grew again in membership last year, with an almost 3% increase.

Financially, some of our numbers were up and some were down. We had another good year for loans with 970 of them written for almost \$2.5 million. This year we loaned our \$42 millionth dollar since organization! As is always our experience, many of these were for our smaller emergency loans, like our Payday Alternative and Hot Funds, attested by an average loan size for the year of only \$2,499 – despite having a strategic emphasis for the year of building our Small Business and Mortgage portfolios. For Balance Sheet reasons, we returned non-member depository funds to some banks and larger institutions that had deposited monies with us when we needed liquidity. However, this enabled us increase our capital ratio to 7.9% by the end of the year. The problems of the economy at large increased our charge-offs to \$156,857; meanwhile, we had recoveries of \$49,920. Nevertheless, the evidence of the generally healthy state of our portfolio is the fact that

our overall portfolio delinquency, in the midst of the economic meltdown, stood at a moderate level of only 4.74%.

I cannot leave a review of our year without once again paying tribute to the stability, consistency, and hard work of our staff, led by our Manager, Jennifer Weitzel. As I wrote to them with the Board's holiday greeting: “We humbly thank you for turning our words into actions.” We all owe them a great debt of gratitude.

As we settle into 2013, some things will change and some things will not. On this journey we share towards an uncertain future, North Side will patiently and faithfully continue to assess all of our activities in terms of how they will help build our community. We see ourselves as one of a number of development partners still looking for the real value behind the dollar signs. Communities are made up of people, and their ability to access the economy is our institutional job. However, our slogan is “People helping people” and credit union members know that, even as individuals, we are all called to put people before payments, cooperation before cash. Make this the year that you help to spread the word that there is a difference in financial institutions.

Jim Masini

## MEMBER STORIES

### Foreclosure Prevention

Alice Smith and her husband James purchased a home in Chicago in 1995. The couple loved this home because they had raised their family there, and hoped to pass it down to their sons one day. Then they began to experience major setbacks. Alice lost her job in 2004, and then James lost his job in 2007. While unemployment helped to carry their expenses for some time, it was a struggle. Unemployment ran out. Eventually James found work, but during this time they began to fall further and further behind on their mortgage.

The couple attended a homeowner outreach event where they were referred to North Side to find out more about the Illinois Hardest Hit Fund program. Alice sent in her documentation and was eventually connected

with Jennifer Pallas. Jennifer helped Alice and James compile a strong application, and submitted it to the Hardest Hit Fund program. Alice said of her experience, “When you are in a devastating situation, there are a lot of emotions that rise up in you. Knowing that we were working with someone who cared was three fourths of the battle.” After 2.5 months Alice and James received the news that they would receive HHF assistance. Their mortgage was brought current, stopping all foreclosure proceedings, and giving them a fighting chance to stay in their home of nearly 20 years. Stories like these are the purpose of North Side’s continued existence.

### Good2gro Hair Products Realizing a Long Term Dream

The story of Good2gro really began in the 1970s, when the owner, William Grayson was still young. He followed his mother down the path of entrepreneurship. She had a background in chemistry, and decided to start creating natural hair products when she noticed a decline in the health of her own hair. William’s mother developed a product and a word of mouth business. William started selling her hair products when he was only sixteen. However, life eventually took him in other directions. When his mother passed away in 2005, he was working in the healthcare industry.

However, people continued to request her hair product so he kept a plan for the business in the back of his mind. He even trademarked a product name. He was laid off, and around the same time, a large cosmetic company used the product name he had trademarked. As a result, the company paid him cash compensation and he used the money to launch Good2gro.

In 2012, William started looking for funds for inventory and working capital to continue growth. He turned to Women’s Business Development Center and received a referral to North Side Community Federal Credit Union. Tom Laures, the small business loan officer, looked over his business plan and helped him address weaker parts of his application. William stated, “Tom was great to work with. He helped me through every leg of the process from facilitation to bringing the loan to fruition.” In 2012, North Side lent out \$114,050 to six different small businesses. North Side Community Federal Credit Union looks forward to working with more small businesses in 2013.

[www.good2gro.com](http://www.good2gro.com)



**Sole Resale**  
**A Success Story From the Ground Up**

Natasha Rolling recently achieved her dream of becoming a business owner. She grew up in a very entrepreneurial family. As a result, she had a vision of owning her own business as long as she can remember. Her initial thoughts were to start a shoe store, and she decided to take off in that direction. She built a small inventory and took it online, to vendor events, and to flea markets. Then, friends and acquaintances started providing her with donated clothing to help her out. As her clothing inventory grew, she realized there was a market for her in high-end resale.

Natasha worked hard, and did her research. She realized she needed a storefront, and needed a loan to get the doors opened. During the research process, she learned about North Side and came to the credit union for a business loan to get started. The credit union was able to help her get the funds she needed. Natasha says she was “really grateful to Tom. He was very diligent and encouraging. He didn’t give up on me and helped me re-evaluate my plans every step of the way.” She opened her doors in early fall of 2012, and quit her full time job to focus on growing her business. Expansion is already in the near future, and Natasha is excited about the potential for growth. North Side is excited about supporting Natasha’s continued success.

[www.soleresaleboutique.com](http://www.soleresaleboutique.com)

**HOUSING COUNSELING**  
**HIGHLIGHTS**

We provided services to 350 members and non-members through financial education workshops and personalized one-on-one financial counseling sessions.

Housing Counselors utilized CredCo to pull credit reports for 62 clients and members, and helped these families start building and re-building credit scores by addressing credit issues.

We partnered with Illinois Hardest Hit Fund again this year. Through the program we:

- Helped 35 families stay in their homes
- Secured just under \$290,000 in funds to reinstate mortgages and stop foreclosure proceedings
- Saved homeowners an average of \$939 per month to help pay their mortgages

Jennifer Pallas presented at Housing Action Illinois’ Annual Conference. She represented North Side and the Illinois Housing Counseling Coalition, presenting on our credit building products and services.

**A SPECIAL THANKS**  
**TO OUR 2012**  
**COMMUNITY PARTNERS**

Heartland Alliance  
 Howard Area Community Center  
 Christopher House  
 Refugee One  
 Emmaus Ministries  
 Holsten Human Capital Services

Lakeview Action Coalition  
 Center for Neighborhood Technology  
 Centro Romero  
 Women’s Business Development Center  
 Pan-African Association  
 Mather Lifeways



## Supervisory Committee

The Supervisory Committee of North Side is responsible for ensuring that Management's financial reporting objectives have been met and that Management practices and procedures safeguard members' assets. Committee members meet these two general goals by determining whether effective internal controls have been established and maintained, that accounting records and financial reports are promptly and accurately prepared, and ensure policy and control procedures exist to safeguard against intentional or unintentional errors.

In order to serve our members, Committee members Laurie Fuller, Bob Doyle, Ilise Goldberg and Jeff Houde work monthly with Manager Jennifer Weitzel to perform tests and reviews to ensure that the Credit Union meets these objectives and is in compliance with all federal regulations. Each year new regulations are enacted, and the Supervisory Committee reviews an ever-expanding portfolio of data to ensure that the credit union has the appropriate risk and financial management procedures in place to operate an effective and efficient credit union.

In 2012, the Committee saw the departure of Amy Crawford, our Board representative and the addition of Jeff Houde.

## Marketing Committee Report

The marketing committee exists to focus on the growth of the credit union. The marketing committee works to be innovative in the way the credit union addresses the needs of members, as well as to develop new ways to make the neighborhoods aware of our services. In 2012, North Side developed new partnerships with Holsten Human Capital and Chicago Women's Aid Project. Financial literacy workshops were provided to clients at Christopher House, North Side Housing Services, and Howard Area Community Center, and onsite to community residents. In addition, the credit union launched a small business workshop series and partnered with North Side Community Resources to offer monthly green living financial education workshops to older adults. North Side continued to maintain consistent loan growth. Also in 2012, North Side launched a redesign of the website to be rolled out in 2013.

Khamphoui Singvongsa continued to chair the marketing committee, assisted by Jose Torres, Ayo Maat, Megan Holmes-Dorsey, Christa Clumpner, and Valentin Saportas

## Credit Committee Report

In a tough economy, being able to find a trusted lender is valuable to people. North Side provides that level of service to our members through affordable loan programs. In 2012, North Side wrote 970 loans for \$2,423,740. Since the inception of the credit union, 21,036 loans have been written for a total of \$42,936,374. The small business loan program continues to grow. In 2012, over \$114,000 was lent to small businesses in the City of Chicago.

The small dollar loan programs, including our Step-up, Payday Alternative, and Hot Funds/Cold Cash loans grew in 2012. While these loans are small dollar relative to the overall credit union loan portfolio, they are vital to the credit union's mission. These loans provide an alternative to predatory lenders for many of our members, and are an important tool for those who need to rebuild credit. Our Access Auto Lending program continues to improve our auto-lending portfolio, with auto loans growing by nearly 9% in 2012.

In 2012, we ended the year with a delinquency rate (60 days or more) of 4.74%. Net charge offs were \$156,187, and of that amount \$49,919 was recovered.

Candi Huber continued to Chair the Credit Committee, assisted by Mark Fick, and Jessica Alfaro.

## Finance Committee Report 2012

The year 2012 was a challenging financial year for NSCFUCU. On the positive side, the credit union ended the year at its highest level of loans to members at \$4,420,808, a 1.6% increase from 2011. Although overall assets declined by 9.7% for the year, this decrease enabled the credit union to maintain an acceptable Capital/Asset ratio level of 7.3%, which was almost identical to the previous year.

NSCFUCU had a higher rate of loan charge-offs of \$156,857 in 2012 due to several large loans that had to be written off. Due to a continued low interest environment, the credit union was limited in the amount of dividends it was able to pay to members. This, along with a NCUA special assessment fee for a fourth consecutive year, impacted our bottom line, resulting in a net loss for the year of \$63,690.

# FINANCIAL REPORT

## INCOME STATEMENT

### Income

	2012	2011	2010	2009	2008
Loan Interest	\$276,984	\$295,457	\$275,423	\$287,618	\$278,792
Loan Interest-Visa	\$31,402	\$27,913	\$24,062	\$19,906	\$20,992
Investment Income	\$108,337	\$109,844	\$103,722	\$88,401	\$86,642
Fees/Charges	\$157,829	\$181,305	\$237,017	\$157,803	\$153,600
Miscellaneous	\$102,335	\$61,804	\$34,612	\$80,410	\$87,634
<b>Total Operating Income</b>	<b>\$676,887</b>	<b>\$676,323</b>	<b>\$674,836</b>	<b>\$634,138</b>	<b>\$627,660</b>

### Expenses

Compensation	\$270,534	\$255,680	\$256,940	\$221,610	\$212,139
Employee Benefits	\$62,340	\$60,111	\$72,114	\$61,597	\$51,760
Travel/Conference	\$6,719	\$3,908	\$3,520	\$3,907	\$3,831
Association Dues	\$11,964	\$9,862	\$12,008	\$9,442	\$10,035
Occupancy	\$50,020	\$47,163	\$44,297	\$43,865	\$43,936
Office Operations	\$120,723	\$122,997	\$123,333	\$146,801	\$118,723
Education/Promotion	\$11,685	\$15,913	\$10,176	\$3,799	\$8,674
Loan Servicing	\$14,440	\$12,671	\$11,703	\$14,890	\$13,720
Professional Services	\$5,360	\$6,100	\$16,263	\$6,250	\$5,572
Loan Loss Provision	\$101,724	\$54,424	\$35,000	\$30,000	\$26,500
Federal Exam Fees	\$2,690	\$2,379	\$1,899	\$1,761	\$1,560
Interest Expense	\$14,361	\$8,875	\$7,679	\$4,000	\$4,000
Annual Meeting Expense	\$50	\$100	\$192	\$469	\$554
Miscellaneous	\$6,494	\$3,314	\$81	\$1,627	\$25,165
NCUA Special Assessment	\$9,441	\$24,998	\$20,375	\$25,524	
Miscellaneous-Visa/ATM	\$15,577	\$14,836	\$13,710	\$13,602	\$14,963
<b>Total Operating Expense</b>	<b>\$704,122</b>	<b>\$643,330</b>	<b>\$629,290</b>	<b>\$589,142</b>	<b>\$541,130</b>

Income from Operations	(\$27,235)	\$32,993	\$45,546	\$44,995	\$86,530
Dividends	\$37,087	\$77,558	\$120,197	\$111,878	\$126,438
Non-Operating Gain	\$633	\$77	\$2,421	(\$14,402)	\$180,000
<b>Net Income</b>	<b>(\$63,689)</b>	<b>(\$44,488)</b>	<b>(\$72,230)</b>	<b>(\$81,284)</b>	<b>\$140,092</b>

## BALANCE SHEET

### Assets

Loans	\$3,929,067	\$3,863,116	\$3,278,705	\$3,835,150	\$3,850,083
Loans-Visa	\$281,741	\$282,893	\$193,621	\$191,508	\$191,032
Loan Loss Allowance	(\$70,267)	(\$75,288)	(\$51,401)	(\$96,632)	(\$106,161)
<b>Net Loans</b>	<b>\$4,140,541</b>	<b>\$4,070,721</b>	<b>\$3,420,925</b>	<b>\$3,930,026</b>	<b>\$3,934,954</b>

Cash	\$34,630	\$60,371	\$99,293	\$84,911	\$141,827
Investments: SimpliCD	\$5,363,000	\$6,393,173	\$6,503,929	\$4,902,187	\$3,132,869
FED Securities	\$1,043,437	\$1,210,272	\$260,036	\$0	\$0
Prepaid Expenses	\$35,083	\$24,001	\$22,071	\$17,462	\$24,138
Fixed Assets	\$115,096	\$130,989	\$67,252	\$104,926	\$124,216
Other Assets	\$31,083	\$34,742	\$77,923	\$67,175	\$37,936
<b>Total Assets</b>	<b>\$10,762,870</b>	<b>\$11,924,269</b>	<b>\$10,451,429</b>	<b>\$9,106,686</b>	<b>\$7,395,940</b>

### Liabilities

Abandoned Accounts	\$0	\$0	\$0	\$0	\$0
Dividends Payable	\$10,561	\$18,042	\$39,543	\$17,020	\$17,643
Taxes Payable	\$3,202	\$2,917	\$553	\$5,266	\$7,636
Accounts Payable	\$347,236	\$167,088	\$90,620	\$1,080,861	\$117,174
<b>Total Liabilities</b>	<b>\$360,999</b>	<b>\$188,047</b>	<b>\$130,716</b>	<b>\$1,103,146</b>	<b>\$142,453</b>

### Equity

Shares	\$5,127,363	\$4,908,946	\$3,826,732	\$3,216,787	\$2,725,611
Share Drafts	\$1,229,859	\$1,074,746	\$413,969	\$357,334	\$508,750
Certificates	\$3,260,750	\$4,872,684	\$5,115,755	\$3,687,934	\$3,166,358
Regular Reserve	\$361,324	\$381,324	\$421,324	\$198,551	\$309,835
Undivided Earnings	\$422,575	\$498,521	\$542,933	\$542,933	\$542,933
<b>Total Equity</b>	<b>\$10,401,871</b>	<b>\$11,736,221</b>	<b>\$10,320,713</b>	<b>\$8,003,540</b>	<b>\$7,253,486</b>
<b>Total Liabilities/Equity</b>	<b>\$10,762,870</b>	<b>\$11,924,268</b>	<b>\$10,451,429</b>	<b>\$9,106,686</b>	<b>\$7,395,940</b>

## 2012 Board and Staff

President – James Masini  
Vice-President – Clifford Scott-Rudnick  
Secretary – Amy Crawford  
Treasurer – Curtis Roeschley

### Board of Directors

Jessica Alfaro  
N. Paul Elue  
Jeff Houde  
Ayo Maat  
Valentin Saportas  
Khamphoui Singvongsa  
Jose Torres  
Directors Emeritus – Angela Turley, Roger Krause

### Staff

Manager—Jennifer Weitzel  
Loan Manager – Maria Montoya  
Small Business Loan Officer – Tom Laures  
Lead Teller – Megan Holmes-Dorsey  
Marketing and Partnerships Manager – Sarah Marshall  
Director of Housing Counseling – Jennifer Pallas  
Housing Counselor – Cesar Escovar

## NORTH SIDE COMMUNITY FEDERAL CREDIT UNION

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